



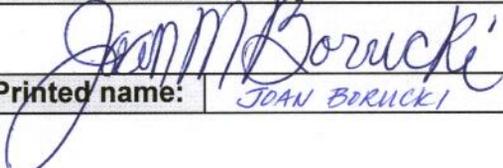
Information Technology Capital Plan, Plan Year 2009-10 through 2013-14 Executive Approval Transmittal

Department Name

California Lottery

APPROVAL SIGNATURES

The Lottery is submitting our Information Technology Capital Plan (Plan) on a voluntary basis even though the Lottery Act exempts us from this requirement. The contents of the Plan is intended solely for the information and use of the OCIO and is not intended to be and should not be used by anyone other the OCIO. In addition, the Lottery's use of professional judgment in creating this Plan for its organizational mission means that it may not address all needs. As such the Lottery makes no representation as to the sufficiency or appropriateness of the information included in this Plan. Specific questions about this Plan should be addressed to the Lottery's Chief Information Officer, Ellen Ishimoto, at (916) 327-7818 or at eishimoto@calottery.com.

Chief Information Officer		Date Signed
		10/1/08
Printed name:	ELLEN ISHIMOTO	
Information Security Officer		Date Signed
Printed name:		
Budget Officer		Date Signed
Printed name:		
Department Director		Date Signed
		10/1/08
Printed name:	JOAN BORUCKI	

Information Technology Capital Plan

Department IT Capital Plan



**Information Technology Capital
Plan, Plan Year 2009-10 through
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Information Security Officer		Date Signed
Printed name:		
Budget Officer		Date Signed
Printed name:		
Department Director		Date Signed
Printed name:		

DEPARTMENT IT CAPITAL PLAN

Department Name and Org Code:

California Lottery --850

Plan Year:

2009-10 through 2013-14

1. Summarize your organization's business goals and objectives below:

The Lottery exists to implement the public's mandate to maximize supplemental funding for public education through the responsible sale of lottery products. In order to meet that goal, the Lottery strives to be a responsible and respected organization that has a broad base of community support and that maximizes that funding for public education. These goals will be met through the Lottery's business plan and strategic initiatives, including focusing on long term planning, improving the Lottery brand image, shifting the jackpot paradigm from infrequent large payouts to a more consistent flow of revenue with less fluctuation, and finally modernizing operations.

2. What are your organization's plans to upgrade or replace your IT infrastructure for the following? When responding, please indicate the timeframes of your intended upgrade or replacement efforts.

2.1. Hardware

2.2. Software

2.3. Network

3. Existing Approved Reportable IT Projects

Provide the following information regarding your existing approved reportable IT projects on Table 1 on the following page:

- Existing IT Project;
- Approved Project Cost;
- Project Number; and
- Implementation Date

4. Proposed IT Projects

After each proposed IT project has been documented by answering questions 4.1 through 4.15 of the attached IT Project Proposal Form, provide the following information on Table 2 on the following page:

- The name of each proposed IT project;
- The priority ranking;
- The FSR submission date; and
- The estimated cost

Table 1-Existing Approved Reportable IT Projects Summary by Department

Existing IT Project	Approved Project Cost*	Project Number	Implementation Date

***Note:** If a Special Project Report (SPR) was submitted for review in July 2008 that includes project costs that differ from the last approved project document, enter both the last approved project cost and the revised project cost from the SPR under review.

Table 2-Proposed IT Project Summary

Proposed IT Project	Priority Ranking	FSR Submission Date	Estimated Total Cost

PROPOSED IT PROJECTS

Complete this IT Project Proposal Form (questions 4.1 through 4.15 below) for each proposed IT project that meets the definition of a reportable project as defined in the State Administrative Manual Section 4819.37:

- 4.1. Proposal name and priority ranking:
- 4.2. Description of the proposed IT project:
- 4.3. Which of your department's business goals and objectives does this project support, and how?
- 4.4. What are the expected business outcomes or benefits of the proposal as they relate to your organization's business goals and objectives?
- 4.5. The following are from the State's IT strategic plan. Check the appropriate box(es) to identify the goals this proposal supports:
- Supporting and enhancing services for Californians and businesses
 - Enhancing information and IT security
 - Reducing state operational costs (leveraging, consolidation, new technology, etc.)
 - Improving the reliability and performance of IT infrastructure
 - Enhancing human capital management
 - Supporting state and agency priorities and business direction
- 4.6. Is the proposal consistent with your organization's Enterprise Architecture?
- Yes
 - No

If no, please explain why the deviation from the organization's Enterprise Architecture is necessary.

4.7. Will the proposed system collect, store, transmit, or exchange confidential or sensitive information?

- Yes
- No

4.8. If this proposal is conceptually approved, what is the estimated date (mm/yyyy) the FSR will be submitted?

4.9. What is the estimated project start date (mm/yyyy) if the FSR is approved?

4.10. What is the duration of the proposed project?

4.11. Will the proposed project utilize the existing infrastructure?

- Yes
- No

If no, please explain.

4.12. Is the proposal related to another proposal or to an existing project?

- Yes
- No

If yes, describe the related proposal or project and how it is related:

4.13. Describe the consequences of not doing this proposed project at the planned timeframe:

4.14. Check the appropriate box(es) to identify the proposal's funding strategy:

- Augmentation needed
- Redirection of existing funds
- Other (describe):

4.15. What are the estimated cost and funding source(s) by fiscal year through implementation (information should be provided in the following format):

Fund Source	2009-10	2010-11	2011-12	2012-13	2013-14 and future	Total
General Fund						
Federal Fund						
Special Fund*						
Total						

* Note: Identify the fund source and if the department is the sole user of the fund.

Enterprise Architecture

A.1. Does your organization have documented Enterprise Architecture principles, strategies, or standards to guide decisions on technology projects?

- Yes
 No

A.2. Indicate on Table A-1 below, the completion status of the component Reference Models of your formal Enterprise Architecture efforts. If available, please submit a copy of your Enterprise Architecture document.

Table A-1, Enterprise Architecture Completion Status

Component Reference Model	Status			
	Implemented	Implementation in Progress	Planned or Planning in Progress	Not Implemented and Not Planned
Business	x			
Service		X		
Technical		X		
Data		X		

A.3. Describe the governance structure your organization uses to review and approve the Enterprise Architecture and any subsequent changes.

The California State Lottery (Lottery) Information Technology Services Division (ITSD) has an Enterprise Architecture Unit responsible for defining, documenting, and stewarding Enterprise Architecture standards, processes, and deliverables. The Enterprise Architecture Unit closely tracks the state enterprise architecture goals and is currently working on a data governance framework. Senior staff has reviewed changes to the Lottery's existing Enterprise Architecture deliverables. The Lottery intends to involve the Technology Oversight Committee (TOC) in future changes. See sections D1 and D2 for a detailed description of the TOC.

A.4. Does your organization have an Enterprise Architect? (if yes, provide their name, telephone number, and e-mail address below)

- Yes
 No

Name: Chris Kahue

Classification: Data Processing Manager III (DPM III)

Telephone Number: (916) 324-0099 **E-Mail:** ckahue@calottery.com

Chris is the manager of the Enterprise Architecture Unit and manages the Lottery's two Enterprise Architects.

Information Security

B.1. How is your Information Security Officer involved in proposed project development efforts?

Reporting to the Deputy Director of Security and Law Enforcement Division (SLED), the Information Security Officer (ISO) provides information security expertise and guidance to project planning and development efforts as required. The Lottery has implemented an Information Security Committee (ISC) comprised of the Deputy Director of SLED, Chief Auditor, Deputy Director of Information Technology and Lottery legal counsel. This committee provides policy oversight and security guidance that impact proposed project development efforts.

B.2. What are your department's core business principles, policies and standards related to information integrity, confidentiality, and availability and the protection of information assets?

Operating a lottery requires gaining the public's trust. The Lottery achieves that trust being founded on the principles of integrity, security, honesty and fairness. In every product we sell and every communication we have, we challenge ourselves to reinforce the public trust.

It is the Lottery's policy to ensure information asset security, integrity and availability; confidentiality as defined by applicable laws and regulations; and to ensure responsible use of all communication systems. We communicate information in many forms in order to conduct our business operations. This information may be stored on computers, transmitted across networks, printed out or written down. Our security policy applies to:

- All users and all areas of Lottery activities.
- All processes necessary for the protection, preservation, confidentiality, integrity and availability of all forms of information.
- All computer and network systems owned, operated and/or administered by the Lottery through its employees, contractors and vendors.

There are various roles to support the Lottery's security policies:

- The ISC which maintains executive level oversight and direction regarding information security issues.
- The Security and Law Enforcement Division (SLED) which is responsible for the information security of the Lottery. SLED guides and supports information security activities.
- The Information Technology Services Division (ITSD) which is responsible for implementing security policy which is applicable to Lottery systems and applications.

The Lottery has also developed a comprehensive collection of guidelines which cover areas of information security including:

Information Security

- User Name and Passwords
- Encryption
- Network Access Control
- Risk Management
- Security Incident Response
- Audit Guidelines
- Software Management
- Privileged Accounts
- Information Classification
- Server Security

In addition to our thorough security guidelines, the Lottery conducts a meticulous and comprehensive audit program. The Internal Audits Office (IAO) performs compliance reviews to ensure that the approved policies and procedures regarding information security issues are being consistently followed by Lottery staff and business partners. Independent audit firms witness and review every lottery draw to ensure accurate completion of draw procedures, including the verification of information technology systems. The Lottery's gaming vendor also undergoes an annual Statement on Audit Standards (SAS) No. 70. The Lottery also conducts a bi-annual independent audit, comprehensive study, and evaluation of all aspects of security in the Lottery's operation. This security study addresses, among other things, computer operations, data communications and database protection.

IAO uses an independent statistician to ensure that Lottery games are random and operating as intended based on statistical analysis they perform and report on monthly. This is a level of security/control that ensures the integrity of our games. Their work can be conducted before, during or after systems development of a game.

B.3. If data within your department is shared with external entities, does your department implement data exchange agreements with these entities?

- Yes**
 No

If no, please explain.

The Lottery, the State Controller's Office (SCO) and our gaming vendor, GTECH, have a memorandum of understanding (MOU) describing the data exchange standards in place. Data exchange in the described processes have controlled file formats, transfer protocols, encryption tools and transmission schedules designed to create a secure and reliable method for transferring sensitive data between GTECH and SCO.

- Not applicable**

Information Security**B.4. How does your department ensure that software developers and programmers follow standards and best practices for Web, application, and system development?**

By design and strategy, very few of the Lottery's IT projects involve internal custom system development. Most internal development efforts are modifications or enhancements to industry standard commercial off-the-shelf products. Most major system development efforts are contracted with IT vendors.

The internal efforts are primarily developed using standard development tools produced and maintained by major software vendors, such as Visual Basic .Net. These tools utilize industry standard frameworks and come packaged with development, source control and code inspection tools as well as framework specific standards and best practices. In addition to the existing standards and best practices in place today, the Lottery has a project in progress to develop and formalize software development methodologies, templates and tools for internal development efforts.

Vendor led IT efforts for the Lottery are closely managed. The Lottery outsources a major information technology component – the management and support of our gaming system. Our gaming application vendor is certified by the Software Engineering Institute (SEI) using the Capability Maturity Model (CMM). The CMM dictates very rigorous software engineering standards and practices that must be adhered to in order to maintain certification, and the collection of processes that make up the CMM certification are widely regarded as the highest set of industry best practices in software engineering.

B.5. Does your organization have an Information Security Officer? (if yes, provide their name, telephone number, and e-mail address below)

- Yes
 No

Name: Lou Mucci

Classification: System Software Specialist III (SSSIII) - Supervisor

Telephone Number: (916) 323-7042 **E-Mail:** lmucci@calottery.com

Workforce Development, Workforce Planning and Succession Planning

C.1. Does your organization have a workforce development plan for IT staff?

- Yes
 No

If yes, briefly describe it.

The Lottery's multi-year succession planning effort addresses many of the elements of a workforce development plan. The Lottery has been working over the past 14 months to develop the plan, and has made tremendous progress to date. The plan includes staff development strategies, knowledge transfer strategies, recruitment selection strategies, classification changes and retention strategies. The plan is a product of a workforce study identifying, among other information, the two-year vacancy rate and the retirement potential for all job classifications. Each deputy director has identified key staff and management roles and positions, including unique knowledge and skills.

C.2. Check the appropriate box(es) to identify which workforce development tools, if any, your organization is using for IT classifications:

- Training
 Upward Mobility
 Mentoring
 Career Assessments
 Knowledge transfer program
 Performance Evaluations
 Other (please list)

In addition to the tools identified, as part of the workforce development plan, the Lottery's human resources department is looking into all of the tools listed above.

C.3. Does your organization have a workforce plan for IT staff (i.e., for Rank and File)?

- Yes
 No

If yes, briefly describe it.

As part of the succession plan detailed in the answer to question C.4, training for staff has been identified, but not finalized. Like the supervisory and management job classification, key staff roles and positions have been identified, including unique knowledge and skills. Training needs and career progression paths have been documented, however a formal workforce plan has not been published at this time.

Workforce Development, Workforce Planning and Succession Planning**C.4. Does your organization have a succession plan for IT staff (i.e., for Management)?** Yes No**If yes, briefly describe it.**

The Lottery's succession program is a multi-tier training and readiness program designed to engage supervisors early and provide the necessary tools, techniques and foundation to develop leaders and executives from within the organization. The plan outlines a Supervisor and Management Development Program designed to give associate-level employees the building blocks to become effective managers. Building on the foundational development program are new supervisor training and a Supervisory Academy, designed to train and engage supervisors. The program's capstones are its Leadership Development and Executive Management Academies. The succession plan's status is being presented to the Lottery Commission at each meeting.

C.5. IT Staffing**Provide the following information in table C-1 on the following page:**

- **The name of each IT classification currently in the organization.**
- **The number of staff in each IT classification in the organization.**
- **The number of staff in each IT classification eligible to retire in the next five years.**
- **The percentage of each IT classification eligible to retire in the next five years.**

Table C-1 — IT Staffing

IT Rank and File Staff Classification	Number of IT Rank and File Staff in Classification	Number of IT Rank and File Staff in Classification Eligible to Retire in Next 5 Years	IT Management Staff Classification	Number of IT Management Staff in Classification	Number of IT Management Staff in Classification Eligible to Retire in Next 5 Years
SSS III (Sup)	1	1	CEA III	1	
SSS III (T)	5	4	DPM III	4	2
SSS II (T)	5	2	DPM II	4	3
SSS I (T)	7	4			
Sr ISA (Sup)	1	1			
Sr ISA (Sp)	4				
Sr PA (Sp)	2	1			
Stf ISA (Sp)	15	7			
Stf PA (Sp)	3	2			
Aso SSS (T)	4	2	Exec Sec I	1	
Aso ISA (Sp)	13	5	OT(T)	1	
Aso PA (Sp)	5	2			
Ast ISA	9	5			
Ast ISA (Sp)	2	1			
Aso ISA	1				
IST	2				

Project Management, Portfolio Management and IT Governance

D.1. Does your organization have a process for improving the alignment of business and technology?

- Yes - Yes
 No

If yes, briefly describe it.

The Lottery implemented a Technology Oversight Committee (TOC) in December 2006, chartered with reviewing projects and system enhancements to ensure the alignment of business and technology through approval and prioritization of IT efforts. The defined process for changes largely focuses on the development of business requirements, resource requirements and analysis of the project or enhancement to ensure the most relevant projects take priority.

The Technology Oversight Committee Change Process takes input from customers and senior management to jointly develop both business and technical requirements with ITSD in order to adequately scope and prioritize projects and resources. The TOC provides oversight, priority and ultimately forwards a final recommendation to the Lottery's Director.

D.2. What is the status of implementing a formal portfolio management methodology for technology projects within your organization?

- Implemented (Please describe)

The TOC process also contributes to the management of the Lottery's technology project portfolio, which is a mix of internal and external projects supporting both gaming and administrative information systems. The Deputy Directors, ITSD and TOC are tasked with monitoring the three aspects of the Lottery's portfolio: applications, projects and resources. Evaluating new and established systems based upon their relative value to the organization ensures that investment into the best systems provides return on investment for the Lottery. The TOC reviews Lottery projects to proactively manage resource conflict, ensuring that the right people are in the right place at the right time.

- Implementation in progress (Please describe)
 Planned or planning in progress
 Not implemented and not planned

D.3. List any automated tools being used for portfolio management. Enter "None" if no automated tools are being used.

None

Project Management, Portfolio Management and IT Governance

D.4. What is the status of implementing a standard project management methodology for technology projects in your organization?

Implemented (Please describe)

The Lottery IT Project Management Office (PMO) has an implemented project management methodology suited to the mix of internal and external projects conducted at the Lottery. Our methodology is the product of collaborative development and demonstrates best-practices through a suite of project management processes and templates. The processes and templates can be mapped to PMI process groups as follows:

- Initiating
 - Scope
 - Budget Justification
- Planning
 - Action Plans
 - Roles and Deliverables
 - Resource List
 - Work Breakdown Structure (WBS)
- Executing and Controlling
 - Schedule
 - Risk Log
 - Agenda
 - Meeting Notes
 - Status Report
- Closing
 - Lessons Learned Report

The PMO constantly seeks to improve its methodologies, processes and tools, seeking best practices from other state organizations, the Project Management Institute (PMI) and private industry. As such, updates to the IT Project Management Certificate Program offered through the Department of Technology Services (DTS) provide opportunities to incorporate new concepts and best practices into the Lottery project management methodology. For example, the Project Charter template was recently updated into three separate documents; the Scope, Schedule, and Resource List, to better manage more complex IT projects throughout the project lifecycle.

Implementation in progress (Please describe)

Planned or planning in progress

Not implemented and not planned

Project Management, Portfolio Management and IT Governance

D.5. Does the organization require its project managers to be certified, either through a professional organization (e.g., PMI, ITIL) and/or through completion of specified project management coursework:

Yes

PMI

ITIL

Agency-specified project management coursework (identify below) –

No

The Lottery requires all project managers new to the discipline to attend the Department of Technology Services (DTS) Information Technology Project Management Certificate Program. The program is a comprehensive overview of project management topics, including:

- Project initiation
- Project planning
- Implementing strategic plans
- Meeting management
- Group facilitation
- Conducting feasibility studies
- Effective presentations
- Working with strategic business partners
- Project performance assessment
- Project closure

In addition to the require certification through DTS, Lottery project managers are also taking course through DTS or other PMI recognized providers on such topics as Applied Project Management, Developing Performance Measures, Project Management Fundamentals, and Agile Project Management.

D.6. Select from the list other areas of training your organization requires of its project managers:

Fundamental Project Management

Systems Development Life Cycle

Scheduling tool (identify below)

– **MS Project**

Project Performance Management (e.g., Earned Value Management)

Business Process Analysis

Requirements Traceability

Procurement/Contracts Management

Other (identify below)

–

None

Project Management, Portfolio Management and IT Governance**D.7. Describe project-level governance practices, including change management, issue resolution, and problem escalation.**

The Lottery has selected and implemented project governance practices based upon industry best practices, including:

- Evaluation of project proposals and change requests in order to select the best investment of funds and resources and align projects with the organization's strategy.
- Project scope, schedule and resource documents reviewed by sponsors and project oversight to ensure projects are performing within expectations.
- Project status reporting against project scope, costs and schedule.
- Review and approval of change requests and schedule changes by senior management.
- Project level issue and risk tracking documents.

In addition to the best practices employed by the Lottery internally, major external IT contractors are CMMI level 3 certified and follow very rigorous project governance practices.

D.8. Does the project management methodology include processes for documenting lessons-learned and applying these to future projects?

Yes (Please describe)

The Lottery conducts lessons-learned sessions at the conclusion of all projects of sufficient size and scope as part of our project management methodology. Projects with our major outsourcing vendor, supporting our gaming system, include a well defined and utilized process of soliciting lessons learned and applying lessons learned results to future enhancement projects. For internal development projects our project managers conduct lessons learned sessions and actively collaborate during project execution. The Lottery does not currently have a formal repository for storing and disseminating lessons learned results for use future projects.

No

